

Operating a Reliable Utility Service for the Residents

Water and Water Reclamation - A Lifeline Service to our Community

Water and Sewer Services are considered “Lifeline Services” due to the fact that when interruption occurs it would have a significant negative impact on a community’s health and safety. The Village of Wauconda operates water and water reclamation services (sewer) as a business and they are not supported with tax dollars. Water and Sewer services provide over 1.3 million gallons of water per day for human consumption and treat more than 1.4 million gallons of waste water per day.

Like any business, the Village of Wauconda operates on a budget, but with one big exception – the goal of a municipal government is only to have a financial break-even operation (no profit). The following information will provide you with some basic information about how the Village runs its water and sewer business and some of the financial challenges it faces as it provides a critical “lifeline” service for the community:

Operational Requirements

The Village of Wauconda is required to operate its water and water reclamation (sewer) utility services as a completely separate operation within Village government. The Environmental Protection Agency (EPA) and current government accounting board standards dictate that the Village financially operates these services within an “Enterprise Fund” system. Simply stated, an enterprise fund is a self-supporting entity whose function is to solely support its operation. In addition, Enterprise Fund systems maintain that tax dollars can not be used to support water and water reclamation services.

Financial Accountability

Billing revenues allow Wauconda’s Water/Water Reclamation Department to remain financially stable while focusing on customer service, compliance with EPA regulations, and providing an uninterrupted, reliable service, all within a no profit-based budget. Only the funds received through our quarterly water and sewer billing for water/water reclamation services can be allocated to pay for the expense of producing the product, the repair and maintenance of equipment, and the replacement of critical facilities and equipment in the future. It is the Village’s job to budget for the care of equipment on a daily basis so as to ensure proper operation, extend mechanical life, and prevent a catastrophic failure resulting in complete loss of service.

Recent strategic and responsible planning has provided a means for the replacement of aging infrastructure such as sanitary sewer pumping stations, back up electrical generator power, replacement of fragile, dated pipe lines, and properly maintaining our four elevated water towers. Our expenses also pay for the services of specialized companies for support such as laboratory testing, expert consulting, treatment chemicals, electricity, natural gas, and fuel. The costs for these outside services are beyond our control. In 2007, our electricity expenses alone increased by 150 %, or \$240,000 and testing and treatment supply costs went up over 40% or \$30,000. Additionally, a recently approved

bond issue to pay for the replacement of aging infrastructure has an annual price tag of \$350,000.

Water and Sewer Billing Calculation

The Village's water and sewer charges are based on a "pay as you go" system. Those who use less water will pay less and those who use more water, pay more. Village representatives periodically meet with financial experts in the area of municipal utilities to review our rate formula. We continue to conclude that the "pay as you go" system is the most fair for the greatest majority of our customers.

The costs to maintain the Village's utility services are for the most part fixed and based upon calculated capacities for each respective system (water and sewer). The only way to measure a customer's participation in the water and sewer services is to meter their water use, because it's not possible to meter sewer services. Any change in the current formula to reduce a customers expense because of outdoor irrigation, would result in lost revenue for the Village. The lost revenue would result in a new formula that would make up the difference and require everyone to pay more for non-outdoor usage.

Conclusion

So far the Village has been able to contain its rate increases to 4% annually, but many of our expenses have grown more quickly, especially in light of needed capital repairs, which are required, and a significant increase in electricity. The Village received a recommendation from a Financial Consultant three (3) years ago that recommended a 10% annual increase would be needed to meet future water and sewer operating expenses. Instead, the Board chose to approve a 4% annual rate increase in order to soften the effect on customers. This year (2007/2008), the water and water reclamation budget will be at a deficit of \$300,000, which is expected to continue for at least 2 more years until revenue is adequate enough to handle our annual operating costs and capital infrastructure repairs.

Please contact the Public Works Department is you have any questions about our infrastructure or would like a tour of our facilities at (847)526-9610.

2007

WATER / SEWER BILLING SURVEY

Comparison of Minimum bill = 2,000 per month; 6,000 per quarter; 24,000 per year

Village (Effective Date)	Water (\$)	Sewer (\$)	Annual Total (\$)	Monthly Average (\$)
Crystal Lake (12-06)	68.64	87.60	156.24	13.02
Wauconda (7-06)	80.20	94.44	174.64	14.55
Lake Zurich (2-06)	85.92	107.76	193.68	16.14
Grayslake (5-06)	101.28	96.72	198.00	16.50
Round Lake (6-05)	123.60	79.40	203.04	16.92
Mundelein (6-06)	131.12	77.00	208.12	17.34
Libertyville (1-06)	133.20	88.80	222.00	18.50
Vernon Hills (10-05)	187.20	117.36	304.56	25.38
Barrington (1-07)	167.52	141.00	308.52	25.71
Lincolnshire (1-07)	185.28	159.84	345.12	28.76
Island Lake (6-01)	184.80	284.60	469.40	39.12
Fox Lake (Local) (6-06)	192.36	246.00	438.36	36.53
Fox Lake (Regional) (6-06)	282.12	246.00	528.12	44.01

Comparison of Family Average Bill = 6,000 per month; 18,000 per quarter; 72,000 per year

Village	Water (\$)	Sewer (\$)	Annual Total (\$)	Monthly Average (\$)
Crystal Lake	165.12	181.20	346.32	28.89
Mundelein	303.12	172.64	475.76	39.65
Lincolnshire	277.92	239.76	517.68	43.14
Fox Lake (local)	309.36	246.00	555.36	46.28
Libertyville	344.40	213.60	558.00	46.50
Wauconda	242.92	316.20	559.12	46.59
Lake Zurich	257.76	323.28	581.04	48.42
Grayslake	303.84	290.16	594.00	49.50
Vernon Hills	374.40	234.72	609.12	50.76
Round Lake	370.80	238.32	609.12	50.76
Barrington	276.00	345.00	621.00	51.75
Fox Lake (Regional)	388.62	246.00	634.62	52.89
Island Lake	362.40	284.60	647.00	53.92

